

Federal Government Activity

Federal regulatory involvement is minimal within the Study Area.

All sites with a floodplain or wetlands are subject to the U.S. Army Corps of Engineers approval should any mitigation be required.

Building height above the maximum density allowed by-right would require approval from the Metropolitan Washington Airports Authority (MWAA), which operates Washington Dulles International Airport. MWAA also must approve any transmission devices placed on or near a building, including satellites.

State Government Activity

Virginia is a “Dillon’s Rule” state. Simply, Dillon’s Rule is a rule of law that limits the authority of local governments to that expressly granted by the state legislature and the Virginia Constitution. Dillon’s Rule may, in some cases, restrict Loudoun’s power, flexibility, and speed to address needs. Specific state involvement is a minimum within the Study Area.

- The Virginia Economic Development Partnership markets Loudoun County as part of the state’s marketing efforts.
- The Virginia Department of Transportation (VDOT) will be a referral agency on the site plan for the subject site. All roads that are not deemed private will be built to VDOT standards and conveyed to VDOT upon completion. Roads within the subject site are not expected to be private.
- The Virginia Department of Environmental Quality will be required to approve the use of back-up generators.

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Local Government Activity

Type of Local Government

Loudoun County is a political subdivision of the Commonwealth of Virginia. Loudoun contains seven incorporated towns: Leesburg, Purcellville, Middleburg, Hillsboro, Hamilton, Lovettsville, and Round Hill.

Loudoun County is governed by a nine-member Board of Supervisors. The Chairman of the Board of Supervisors is elected by the voters at-large. The other supervisors are elected from each of eight election districts in the county. All nine members serve concurrent terms of four years. The Board of Supervisors sets county policies, adopts ordinances, appropriates funds, approves land rezonings and special exceptions to the zoning ordinance, and carries out other responsibilities set forth by the State Code. The Board employs a County Administrator, County Attorney, and County Assessor who serve at the pleasure of the Board.

The Loudoun County Planning Commission is a nine-member advisory body appointed by the Board of Supervisors. The Commission provides recommendations on issues concerning land development ordinances, comprehensive planning, future land use policies, and the Capital Improvements Program for the county. The Planning Commission is empowered by State law to prepare and recommend a Comprehensive Plan and a zoning map for the physical development of the land in the county. The Commission also reviews a variety of land development applications (e.g., rezonings and special exceptions) and makes recommendations to the Board of Supervisors for consideration in approving or denying the proposed projects.

Loudoun County provides complete local government services including fire and police protection as well as emergency rescue services to all businesses and residents except in the Towns of Leesburg, Purcellville and Middleburg where only supplemental protection and service are provided. Loudoun County is also responsible for the public school system throughout the entire county, and is supported by local taxes transferred to the School Board.

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The School Board is responsible for the operation of the county's public schools in accordance with State Department of Education regulations. School Board members are elected every four years, with one member elected for each of the eight electoral districts and one member elected at-large. Loudoun's current School Board was elected in the November 2003 general election and will continue to serve until December 31, 2007.

Funding and Fiscal Management

Until the 1980s, the federal, state, and local levels of governments shared the cost of providing public facilities for education, transportation, and public water and sewer. However, over the past twenty years, the federal government has withdrawn as a major funding partner to states and localities, placing the financial burden for the provision of local public facilities and services almost exclusively on state and local governments. That downward trend is reflected in county budgets.

The primary source of county revenue is home-owners, who fund the largest share of public costs of growth with real property taxes, personal property taxes, service fees, utility taxes and sales taxes. Even with the increased revenue in recent years, County expenditures per capita have dropped significantly, reflecting the strain that rapid growth is having on the County's ability to maintain acceptable service levels.

Last year, Moody's Investors Service awarded Loudoun County a bond rating of AAA, the first such bond rating in Loudoun's history. This rating places Loudoun in the position to receive the most favorable interest rates available in issuing bonds. In issuing its AAA rating, Moody's cited "the County's strong, diverse, and growing tax base; high wealth levels; consistently solid financial performance; and moderate but increasing debt levels," adding that it expected these factors to remain favorable. In June 2005, Fitch Ratings also upgraded Loudoun's bond rating from AA+ to AAA, stating that "the upgrade to 'AAA' reflects Loudoun County's demonstrated ability to achieve strong financial performance and manage a large and complex capital plan in a rapid growth environment."

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Budget Overview

The FY06 budget includes \$1.2 billion in total appropriations. Of this amount, \$686 million will be supported by local tax funding.

Allocation of FY06 Local Tax Funding

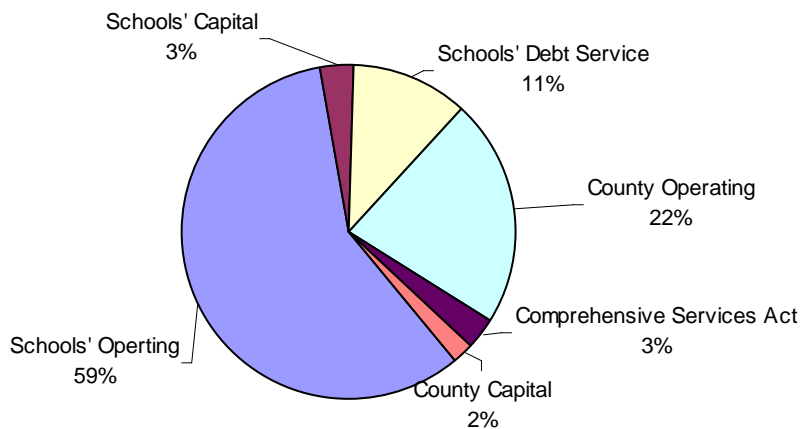


Figure 24. Allocation of Local Tax Funding. The majority, 73 percent, of the \$686M in local tax funding will go to Loudoun County Public Schools. (Loudoun County FY 2006 Adopted Fiscal Plan)

The FY06 budget includes \$859.4 million for school operating costs, capital projects, asset replacement, and debt service.

FY06 Loudoun County School Appropriations

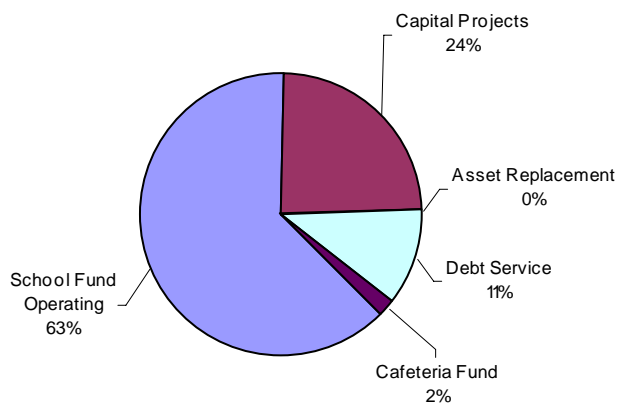


Figure 25. School Appropriations. Nearly one-quarter, or \$206M, is designated for school capital projects. (Loudoun County FY 2006 Adopted Fiscal Plan)

The balance of the FY06 will go towards general county operations, capital projects, asset replacement, debt service, and the Comprehensive Services Act for At-Risk Youth (CSA); the Route 28 Highway Improvement Fund; and other funds.

FY06 Loudoun County General Government Appropriations

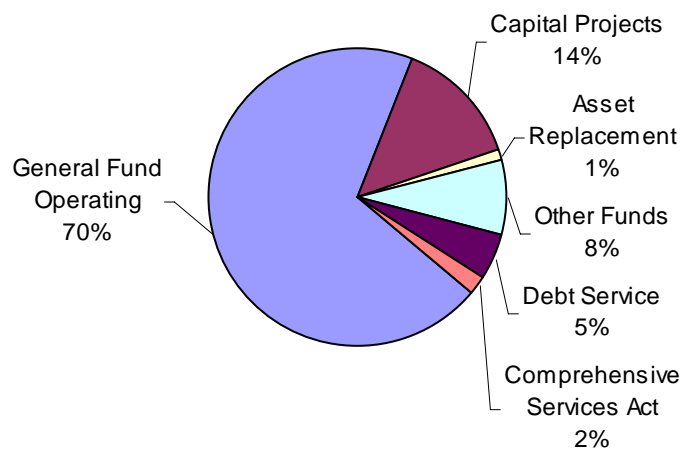


Figure 26. General Government Appropriations. The majority, 70 percent, of the \$369.8M in general government appropriations will go to general fund operating budget. (Loudoun County FY 2006 Adopted Fiscal Plan)

Debt Load and Capacity

One of the main factors impacting the development of the annual budget is debt service. The county will carry an outstanding debt load of about \$930 million in FY06, which is largely attributable to new school construction. Despite committing a significant amount of funding to pay-as-you-go project financing, the county's outstanding debt will increase dramatically over the next few years, largely because of voter-approved bond initiatives. By the end of FY10, the level of outstanding debt could reach nearly \$1.4 billion.

Loudoun's ambitious Capital Improvements Program will also have a significant impact on operating expenses after these projects are complete and become operational. The FY06 budget includes additional expenditures for both the

county and school system that are associated with new facilities. The adopted School Board budget includes an additional \$5.7 million for opening new school, and \$30.3 million to accommodate increases in enrollment over FY05, while the budget for the general county government includes more than \$4 million in additional operating expenditures for new county facilities scheduled to open in FY06 or early FY07.

Insufficient Funding from State

Loudoun County continues to receive a diminishing share of funding from the State for many needed services. This trend is evident in the rate of reimbursement provided for State-mandated constitutional offices.

Between FY02 and FY05, expenditures for the Sheriff, Commonwealth's Attorney, Commissioner of the Revenue, Treasurer, General Registrar, Electoral Board and the Clerk of the Circuit Court increased by \$15.3 million, from \$38.8 million to \$52.2 million, or 39.4 percent. During the same period, State Compensation Board increased by \$862,000, from \$7.9 million to \$8.7 million, or 10.1 percent. State Compensation Board funding now constitutes 16 percent of the constitutional agencies' revenue, down from 20.2 percent in FY02.

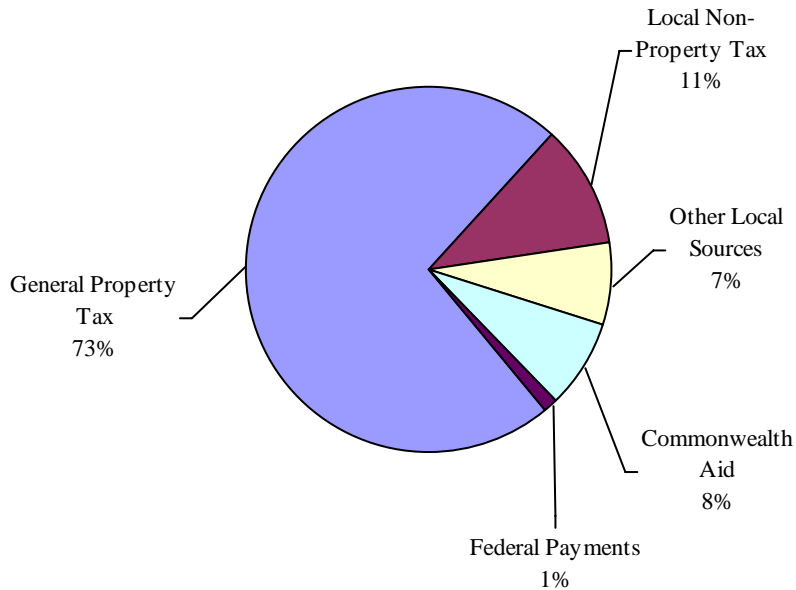
Even with the state's personal property tax reimbursement program, revenue for the Commonwealth now accounts for only 10.4 percent of General Fund revenue, as compared with nearly 13 percent in FY02. In light of the state's current budget challenges, this situation is not likely to improve in the near future.

Revenue – General Fund

The General Fund revenue is divided into five major categories. These include General Property Taxes, Local Non-Property Taxes, Other Local Sources of Revenue, Commonwealth Aid, and Federal Payments. General property taxes comprise the largest source of General Fund revenue. The county also collects substantial revenue from the local sales tax, Business Professional and Occupational

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FY06 Loudoun County General Fund Revenue



The majority, 73 percent, of the \$771.9M in general fund revenue is collected from general property taxes.

Figure 27. General Fund Revenue. The majority, 73 percent, of the \$771.9M in general fund revenue is collected from general property taxes. (Loudoun County FY 2006 Adopted Fiscal Plan)

License Taxes (BPOL), land development fees and aid from the state and federal governments.

General Property Taxes

This category refers to real property taxes and personal property taxes, and is projected to constitute about 73 percent of all General Fund revenue in FY06.

- **Real Property Taxes**—Approximately 85 percent of this category is collected in current real property taxes. Real property taxes are levied on the assessed value of real estate property owned by businesses, individuals, and public service corporations. For FY 06, the Adopted Fiscal Plan includes a countywide real property tax rate of \$1.04. County policy continues to emphasize the accelerated development of commercial and industrial

property needed to provide the revenue required to maintain service standards for the county's residential communities.

- **Personal Property Taxes**—These taxes are levied on the assessed market value of tangible property such as vehicles, mobile homes, heavy equipment, machinery and tools.

Local Non-Property Taxes

Local sales tax revenue includes a variety of local tax revenues independent of general property taxes. The largest single item in this category is the local sales and use tax, which is derived from \$0.01 of the \$0.05 State sales tax on retail sales in the county. Local sales tax revenue is budgeted at \$42 million in FY 06. Also included in this category is the Business, Professional and Occupational License (BPOL) tax levied on businesses located within the county. This revenue category is projected to yield \$18.9 million in FY 06. BPOL tax rates vary according to the category of business.

Other Local Sources of Revenue

This category includes seven types of revenue received by the General Fund that are not considered general-purpose forms of taxation. These include: Permits and Privilege Fees Fines and Forfeitures, Use of Money and Property, Charges for Services, Miscellaneous Revenue, Recovered Costs and Other Financing Sources.

Aid from the Commonwealth

Payments from the Commonwealth to the county are divided into three functional categories: State Non-Categorical Aid, which includes a portion of profits realized from the sale of wine and liquor at the State's Alcohol Beverage Control (ABC) Commission stores; State Shared Expenses, including partial operating support through the State Compensation Board for offices established in the State Constitution; and State Categorical Aid, via a variety of grants and other revenues that have been designated for specific purposes.

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Federal Payments

The county receives payments in a variety of categories, totaling \$7.1M, or just 1 percent of the county's general fund.

County Departments Involved in Study Area Project

The following county departments have a role in the development of the Study Area.

- Department of Building and Development oversees all county development and includes subdivision, site planning, zoning, building permits and inspections.
- Department of Economic Development would be involved in marketing of the site, providing assistance to businesses locating here, and coordinating future economic development projects on the site.
- Department of Parks, Recreation and Community Services operates and maintains the existing ball fields.
- Department of Planning manages all legislative applications which would include any rezoning or special exception uses. Such approvals may be required depending on the ultimate use envisioned for the property.
- Loudoun County Public Schools would develop and operate any public school facilities located here.